

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

IN THE MATTER OF THE APPLICATION
OF ADIDAS AG FOR AN ORDER OF
ATTACHMENT IN AID OF ARBITRATION

No.: 22-mc-320 (VEC)

FILED UNDER SEAL

**SECOND DECLARATION OF WILL H. TAFT V
IN OPPOSITION OF RESPONDENTS' MOTION TO VACATE AN *EX PARTE*
ORDER OF ATTACHMENT**

I, William H. Taft V, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am an attorney licensed to practice law in the state of New York and am a partner of the law firm Debevoise & Plimpton LLP. I am counsel for Petitioner, adidas AG. I previously submitted a declaration in this matter, and submit this declaration on personal knowledge and in support of adidas's Opposition to Respondents' Motion to Vacate an *Ex Parte* Order of Attachment.
2. On November 11, 2022, the Court granted adidas's *ex parte* petition to attach up to \$75 million of funds held in bank accounts of Yeezy at JPMorgan Chase Bank, N.A. (the "**Garnishee**") in New York. adidas served the Respondents on November 15, 2022, and also served the Order on the Garnishee. A true and correct copy of proof of service is attached as Exhibit D to this declaration.
3. Consistent with the terms of the Order, adidas posted a bond in the amount of \$75,000 as security by November 15, 2022 at 5:00 P.M.

4. I have subsequently learned from information provided by the Garnishee that the Yeezy Marketing account established at JPMorgan Chase in 2022 for the purpose of receiving the Marketing Funds was, unbeknownst to adidas, set up as a “zero balance sweep account,” meaning that, instead of being segregated as required under the Agreement, marketing funds deposited by adidas were transferred from the Yeezy Marketing account to an account owned by Yeezy LLC on a daily basis.

5. adidas commenced arbitration by filing its Demand for Arbitration to JAMS on December 2, 2022, 21 days after obtaining the Order. JAMS confirmed the commencement of the arbitration on December 15, 2022. A true and correct copy of adidas’s Demand for Arbitration (“**Demand for Arbitration**”) is attached as Exhibit E to this declaration.

6. adidas served on all Respondents the Demand for Arbitration on December 2, 2022 by registered mail and on December 6, 2022 by email. A true and correct copy of adidas’s Demand for Arbitration and proof of service (“**Proof of Service Arbitration**”) is attached as Exhibit F to this declaration.

7. Despite being on notice since December 2, 2022, neither Ye nor his counsel appeared in connection with the arbitration until January 14, 2023.

8. Hon. Judge Rebecca Westerfield was appointed by agreement of the Parties as the arbitrator on February 1, 2023.

9. On February 13, 2023, adidas and Respondents stipulated that “Claimant filed its Demand for Arbitration on or about December 2, 2023.” A true and correct copy of the stipulation (“**Stipulation**”) is attached as Exhibit G to this declaration.

10. The Preliminary Conference was held on April 25, 2023. During the Conference, adidas indicated that it intended to request from the Arbitrator an order requiring Respondents to preserve and make available to adidas all accounting books and records relevant to an accounting of the Marketing Funds. adidas did so by letter dated April 29, 2023. During the May 3, 2023 conference, the Arbitrator granted adidas's request, ordering Respondents to make available to adidas all accounting books and records relevant to an accounting of the Marketing Funds no later than May 17, 2023.

11. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in New York, NY, on this 9th day of May 2023.

A handwritten signature in black ink, appearing to read "William H. Taft V", with a long horizontal flourish extending to the right.

William H. Taft V

Exhibit D

From: Michael Sarney <Michael.Sarney@myerswol.in.com>
Sent: Tuesday, November 15, 2022 6:07 PM
To: Goodman, Mark P. <mpgoodman@debevoise.com>
Cc: Taft, William <whtaft@debevoise.com>
Subject: RE: Ye and Yeezy LLC

Thank you Mark.

Michael F. Sarney • Counsel • michael.sarney@myerswol.in.com
Myers Wolin, LLC • 100 South Jefferson Road • Suite 202 • Whippany, NJ 07981-1009
T: 973-828-1284 • **D:** 973-828-1289 **F:** 866-864-3947 • **Cell/WhatsApp:** +1-917-922-8758



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From: Goodman, Mark P. <mpgoodman@debevoise.com>
Sent: Tuesday, November 15, 2022 5:43 PM
To: Michael Sarney <Michael.Sarney@myerswol.in.com>
Cc: Taft, William <whtaft@debevoise.com>
Subject: RE: Ye and Yeezy LLC

Dear Mr. Sarney,

In response to your email, we are hereby providing to you, and serving on Yeezy, LLC and Yeezy Marketing LLC (together, “Yeezy”), the attached papers filed by our client, adidas AG, in the attachment proceedings we discussed earlier today. The record in this matter remains under seal. We are also providing the attached letter exercising adidas’s right to conduct an audit of all Marketing Fund payments made by adidas pursuant to the Agreement, as amended, between adidas and Yeezy and certain affiliated individuals or entities. Regards,
Mark

Mark P. Goodman | Partner | Debevoise & Plimpton LLP | mpgoodman@debevoise.com | +1 212 909 7253 (Office)
+1 917 971 7005 (Mobile) | 919 Third Avenue, New York, NY 10022 | www.debevoise.com

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From: Michael Sarney <Michael.Sarney@myerswolin.com>
Sent: Tuesday, November 15, 2022 1:14 PM
To: Goodman, Mark P. <mpgoodman@debevoise.com>
Subject: Ye and Yeezy LLC

Dear Mr. Goodman,

I am following up further to a phone message that I just left for you. I represent Ye and Yeezy LLC. I understand that you spoke previously with Noah Balch regarding a writ of attachment in connection with certain bank accounts of Ye and/or Yeezy LLC. I am requesting that you send me by email copies of all court papers filed in connection therewith. I am authorized to accept service of such papers. You may reach me on my cell phone at 917-922-8758. Thank you.

Regards,

Michael F. Sarney • Counsel • michael.sarney@myerswolin.com
Myers Wolin, LLC • 100 South Jefferson Road • Suite 202 • Whippany, NJ 07981-1009
T: 973-828-1284 • **D:** 973-828-1289 **F:** 866-864-3947 • **Cell/WhatsApp:** +1-917-922-8758



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UNITED STATES DISTRICT COURT
THE SOUTHERN DISTRICT OF NEW YORK

INDEX #:
MISC. NO: 22-MC-317

IN THE MATTER OF THE APPLICATION

OF ADIDAS AG FOR AN ORDER OF
ATTACHMENT IN AID OF ARBITRATION

JUDGE:
VALERIE E. CAPRONI

STATE OF NEW YORK: COUNTY OF NASSAU: ss:

TONY CONIGLIARO, BEING DULY SWORN DEPOSES AND SAYS DEPONENT IS NOT A PARTY TO THIS ACTION AND IS OVER THE AGE OF EIGHTEEN YEARS AND RESIDES IN THE STATE OF NEW YORK

That on 11/14/2022, 04:45PM at 850 3RD AVENUE, NEW YORK, NY 10022, deponent served a ORDER GRANTING EX PARTE ATTACHMENT- FILED UNDER SEAL on J.P. MORGAN CHASE BANK N.A., a Garnishee in the above action.

By delivering to and leaving with ONAT CINAR at the above address and that he knew the person so served to be the managing agent of the corporation.

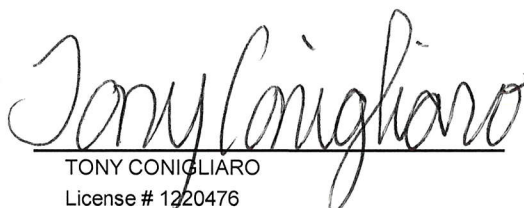
DEPONENT DESCRIBES THE INDIVIDUAL SERVED AS FOLLOWS:

Sex M Approximate age 28 Approximate height 5'08" Approximate weight 168 Color of skin WHITE Color of hair BLACK

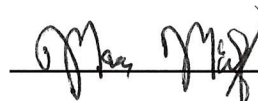
DEBEVOISE & PLIMPTON
LLP

919 THIRD AVENUE

NEW YORK, NY 10022
(212)909-6000


TONY CONIGLIARO
License # 1220476

Sworn to before me on 11/16/2022
MAUREEN MCCAFFREY NO.01MC5018583
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN SUFFOLK COUNTY
COMMISSION EXPIRES OCTOBER 4, 2025





Onat Cinar
Associate Banker

Consumer Banking
NY1-0123
850 3rd Ave
New York, NY 10022
Phone: 212 751 2436
Service Line: 800 935 9935
onat.cinar@chase.com

JPMorgan Chase Bank, N.A.

Exhibit E

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DEMAND FOR ARBITRATION

ADIDAS AG,

Claimant,

v.

YEEZY, LLC; YEEZY MARKETING LLC;
YEEZY FOOTWEAR LLC; & YE, FORMERLY KNOWN AS KANYE
WEST,

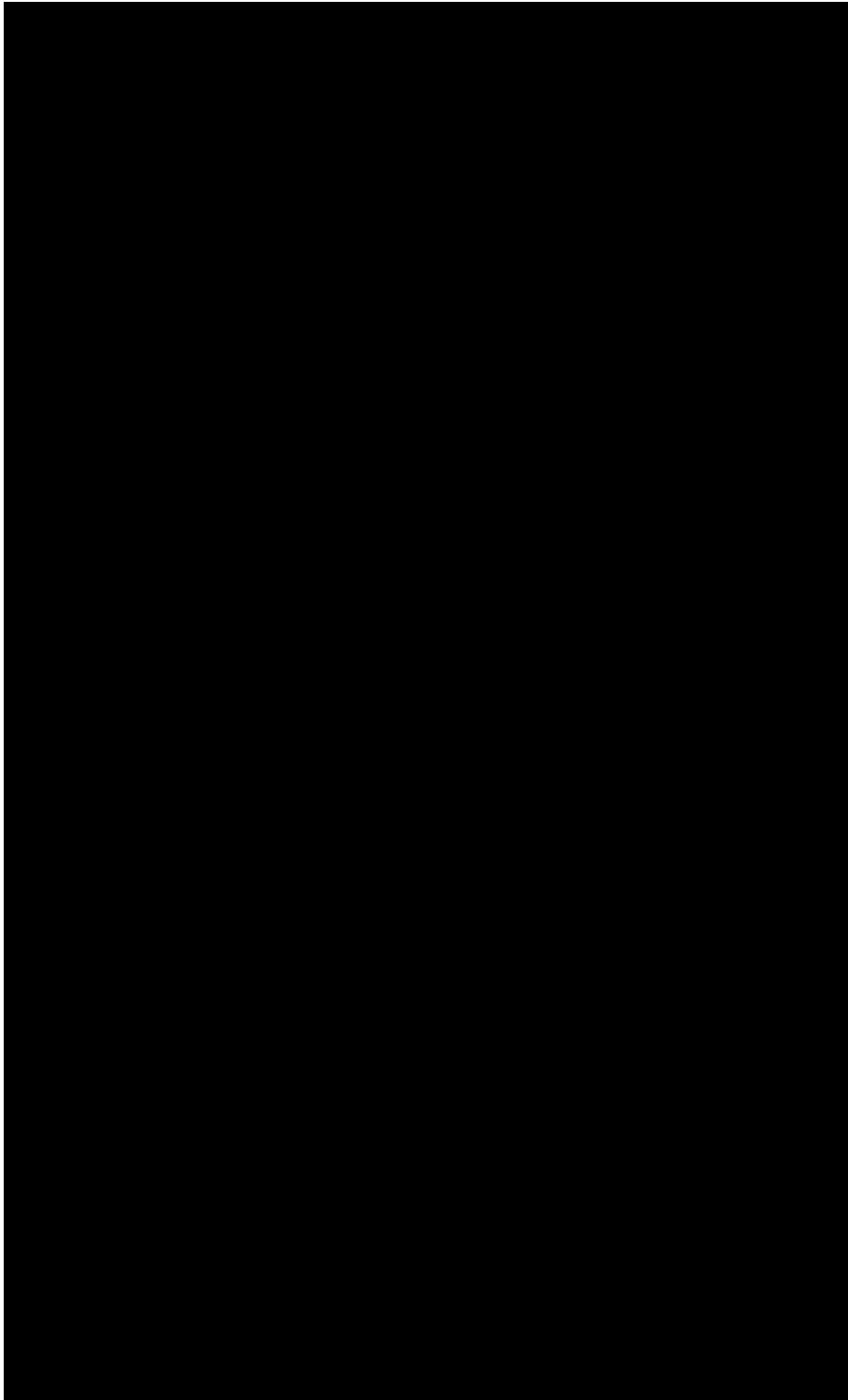
Respondents.

STATEMENT OF CLAIMS

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Claimant adidas AG (“adidas”), by and through its undersigned counsel, files this Statement of Claims against Respondents Yeezy, LLC (“Yeezy”), Yeezy Marketing LLC (“Yeezy Marketing”), Yeezy Footwear LLC (“Yeezy Footwear”), and Ye, the artist formerly known as Kanye West (collectively, “Respondents”), [REDACTED]

[REDACTED] This proceeding is brought under the JAMS Comprehensive Arbitration Rules and Procedures effective as of June 1, 2021, in accordance with the Expedited Procedures (the “Rules”).²

I.

INTRODUCTION

1. Over the course of nine years, adidas built a highly successful, multi-billion dollar footwear business out of its collaboration with Ye, the artist formerly known as Kanye West (the “adidas YEEZY” brand and business). Over the course of a few weeks in the fall of 2022, Ye single-handedly reduced that business to economic rubble by engaging in a series of racist and antisemitic tirades and other unacceptable behavior, sparking widespread public condemnation of him personally and all of the companies doing business with him, adidas foremost among them. [REDACTED]

2. [REDACTED]

3. That strategy didn’t work, and in August, Ye went a step further by publicly announcing that he was unilaterally terminating the relationship with adidas,³ making false allegations on social media and in a demand for arbitration submitted by Yeezy that adidas had stolen “his” shoe designs, and even encouraging a boycott of adidas products. Around the same time, Ye announced the termination of an agreement with Gap, Inc. (“Gap”) to sell Yeezy-branded apparel. It was public knowledge—because Ye made it public—that he needed to withdraw from his agreements with adidas and Gap so that he could create his own footwear and apparel company.

¹ May 19, 2016 Licensing and Endorsement Agreement (the “Licensing Agreement”), as amended and ascribed to by Yeezy Marketing and Yeezy Footwear (collectively, the “Agreement”), attached hereto as Exhibit A (“Ex. A”).

² Ex. A, Aug. 15, 2020 Payment Confirmation, ¶ 3(i).

³ [REDACTED]

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4. As to adidas, that strategy didn't work, either, in large part because Ye's allegations against adidas were wholly baseless. [REDACTED]

5. In response, Ye once again went a step—or, this time, a giant leap—further. In a series of public appearances and public statements viewed widely around the world, Ye promoted the white supremacist slogan “White Lives Matter” and unleashed antisemitic rants against the “Jewish Mafia” and the “Jewish Media.” Facing public condemnation, Ye only further escalated, telling his social media audience of tens of millions that he was going to go “death con 3 On JEWISH PEOPLE.”⁴ The public response was again swift and damning, including causing Ye to be promptly suspended from his social media accounts.

6. Days later, reveling in the damaging impact of his abhorrent statements and actions on his business partner during a now-infamous YouTube podcast appearance heard by tens of millions of people, Ye taunted adidas: “I can say antisemitic shit and adidas can't drop me. Now what?”

7. [REDACTED]
[REDACTED] adidas announced its decision to terminate the Agreement on October 25, 2022, and that termination became effective on November 5, 2022 [REDACTED]

8. Only a short time after adidas terminated the Agreement, in another interview published on YouTube, Ye once again taunted adidas, this time under the apparent premise that he manipulated the company and forced its hand to terminate the Agreement: “Gotcha. Gotcha. . . . And I feel freeeeee!”

9. [REDACTED]
[REDACTED]

10. [REDACTED]
[REDACTED]

11. Also since termination, adidas has sought to exercise its right to recover up to \$75 million in unspent marketing funds it advanced to Yeezy Marketing during the last year, [REDACTED] But adidas has now learned that, rather than complying with its contractual obligation to keep this money in a segregated account and use it exclusively for specified marketing purposes only, Yeezy Marketing “swept” the money into other Yeezy accounts.

⁴ Oct. 8, 2022 Tweet, hereto attached as Exhibit B, (“Ex. [B]”).

⁵ Ex. A, Licensing Agreement § 34(A)(vii).

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12. adidas brings this arbitration [REDACTED]

II.

PARTIES

13. adidas is a German sports footwear and apparel company. Its United States headquarters is located at 5055 North Greeley Avenue, Portland, Oregon.

14. Yeezy is a Delaware limited liability company with its principal office located at 6 Centerpointe Drive, Suite 620, La Palma, California. Yeezy, which is wholly owned by Ye, has been in business since 2016 and is the corporate identity for certain design and endorsement services performed by Ye.

15. Yeezy Marketing is a Wyoming limited liability company located at 63 Neilson Road, Cody, Wyoming. Yeezy Marketing has been in business since 2019 and is the corporate entity responsible for receiving and disbursing marketing funds. Yeezy Marketing is wholly-owned by Ye and an affiliate of Yeezy. Yeezy Marketing acceded to the Agreement pursuant to the January 10, 2020 and August 15, 2020 Payment Confirmation Letters and is jointly and severally liable with Yeezy.

16. Yeezy Footwear is a Wyoming limited liability company located at 63 Neilson Road, Cody, Wyoming. Yeezy Footwear has been in business since 2019 and is the corporate entity [REDACTED] Yeezy Footwear is wholly-owned by Ye and an affiliate of Yeezy. Yeezy Footwear acceded to the Agreement pursuant to the February 18, 2020 Payment Confirmation Letter and is jointly and severally liable with Yeezy.

17. Ye, formerly and also known as Kanye West, is a musical artist who has achieved commercial success and critical acclaim primarily for his music catalog and who has amassed a following of tens of millions of individuals on social media. To Claimant's knowledge, Ye is a citizen and resident of California. Ye is a party to the Agreement and personally guaranteed the obligations of Yeezy as a direct obligor under the Agreement.

III.

JURISDICTION

18. JAMS has jurisdiction over this action pursuant to Section 46(B) of the Agreement.⁶

19. The Agreement requires that "any dispute arising out of or relating to th[e] Agreement or the breach, termination, enforcement, interpretation or validity thereof" shall be submitted "to a mutually agreed upon JAMS mediator for non-binding confidential mediation in Portland, Oregon," and that if mediation does not result in a resolution, that the dispute "shall be determined by arbitration in Portland, Oregon before one (1) arbitrator."⁷ adidas, Ye, and Yeezy have subsequently confirmed that JAMS

⁶ Ex. A, Licensing Agreement § 46(B).

⁷ Ex. A, Licensing Agreement § 46(B).

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mediation and arbitration constitute the exclusive dispute resolution process and that “[a]rbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules.”⁸

20. [REDACTED]

IV.

FACTUAL BACKGROUND

A. The adidas YEEZY business was a commercial success, generating significant value for many years prior to 2022

21. Since 2017, adidas has partnered with Ye to produce the enormously popular adidas YEEZY lines of footwear and apparel. Until recently, the relationship was a commercially successful collaboration, [REDACTED]

22. [REDACTED]

⁸ Ex. A, Aug. 15, 2020 Payment Confirmation ¶ 3(j).

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23. In addition to the significant revenue and profits directly attributable to the adidas YEEZY business, [REDACTED].

B. The adidas YEEZY business was established by the Agreement, which set forth the parties' respective rights and obligations— [REDACTED]

The Agreement

24. The adidas YEEZY business relationship was governed by a detailed, heavily-negotiated agreement. The Agreement consists of the Licensing and Endorsement Agreement dated as of May 19, 2016, five separate amendments, various letter agreements, and an additional five amendments entitled “payment confirmations,” executed by the parties.⁹ All of these amendments and letter agreements generally contain substantive modifications to the terms of the Licensing and Endorsement Agreement, as well as additional representations and warranties by Ye and Yeezy.

25. [REDACTED]

26. From the outset, Ye personally guaranteed that “[Yeezy] will perform all its obligations under this Agreement,” and that his liability under the guaranty shall be as a primary obligor and not merely as a surety.¹⁰ Ye further agreed to cooperate with Yeezy in fulfilling its obligations as set forth in this Agreement and that his guaranty would survive termination or expiration of the Agreement.¹¹

27. Several other provisions of the Agreement reference Ye directly. These include, but are not limited to, [REDACTED] confidentiality, publicity, and dispute resolution clauses.

28. [REDACTED]

⁹ See generally, Ex. A.

¹⁰ Ex. A, Licensing Agreement at its p. 53.

¹¹ Ex. A, Licensing Agreement at its p. 53.

¹² [REDACTED]

¹³ Ex. A, Licensing Agreement § 9(A).

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29. [REDACTED]

30. [REDACTED]

31. [REDACTED]

32. [REDACTED]

33. [REDACTED]

34. [REDACTED]

35. Fourth, the Agreement contains several provisions designed to protect the confidentiality of the Agreement and the adidas YEEZY business. For example, Section 35 prohibits Yeezy and Ye from publishing information about the Agreement without adidas's explicit consent, and Section 45 forbids either party from disclosing the terms of the Agreement without prior written consent of the other party, unless required by law.¹⁹ In addition, in the event of a dispute with adidas, neither Ye nor Yeezy shall "make any public statement regarding such dispute or adidas."²⁰

36. [REDACTED]

¹⁴ Ex. A, Licensing Agreement § 9(B).

¹⁵ Ex. A, Licensing Agreement § 34(A)(vii).

¹⁶ Ex. A, Licensing Agreement § 34(A).

¹⁷ Ex. A, Licensing Agreement § 28(B)(vii).

¹⁸ Ex. A, Licensing Agreement § 7.

¹⁹ Ex. A, Licensing Agreement §§ 35, 45.

²⁰ Ex. A, Aug. 15, 2020 Payment Confirmation ¶ 3(d).

37.

38.

39.

40.

41.

42.

09

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egregious and harmful breaches, a more comprehensive sample of Ye's and Yeezy's recent misconduct is presented below.

Ye publicizes false allegations of breach by adidas, bullies adidas employees, and engages in bad faith negotiation tactics

43. [REDACTED]

44. [REDACTED]

45. Ye next embarked on a public campaign against adidas through social media and third parties in an attempt to force adidas to release him from his contractual obligations. [REDACTED]

46. First, in August 2022, Ye messaged the Instagram account for Complex Sneakers, an online destination for sneaker enthusiasts with over a million Instagram followers, publicly and falsely accusing adidas of, among other things, making design decisions without his approval.³⁵

47. Ye then moved his campaign to a broader forum—his Instagram account, which is followed by 18 million people—to spread disinformation about the Agreement and to garner public support for his desire to be released from the Agreement. For example, on September 4, 2022, Ye posted: “adi felt they could color my shoes without my approval. . . . [adidas] tried to buy me out for 1 billion dollars. My royalties next year are 500 million dollars alone. . . . Yeezy's are 68 percent of adidas on line sales.”³⁶ Each of those statements was false.

48. Ye also published a document on Instagram, apparently prepared by his then-lawyers at Stradley Ronon Stevens & Young, [REDACTED]

³² See [REDACTED] attached hereto as Exhibit C (“Ex. C”).

³³ Ex. C; [REDACTED] attached hereto as Exhibit D (“Ex. D”); [REDACTED]

[REDACTED] attached hereto as Exhibit E (“Ex. E”).

³⁴ Ex. A, Licensing Agreement §§ 28(B)(vii), 35, 45; Ex. A, Aug. 15, 2020 Payment Confirmation, ¶ 3(d).

³⁵ Aug. 2, 2022 Complex Direct Message, attached hereto as Exhibit F (“Ex. F”).

³⁶ Sept. 4, 2022 Instagram Post, attached hereto as Exhibit G (“Ex. G”).

³⁷ Sept. 13, 2022 Instagram Post, attached hereto as Exhibit H (“Ex. H”).

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49. [REDACTED]

50. Between September 1 and September 4, he made nearly 80 posts targeting various adidas executives and each individual member of adidas's Supervisory Board. The posts were widely covered by the global news media.

51. His provocations of adidas accelerated throughout September, as did his ongoing false narrative that adidas stole the Designs from him. On September 4, 2022, Ye posted to his Instagram, "It's going to cost you billions to keep me It's going to cost you billions to let me go adidas You stole my fucking designs [. . .] It's up now I'm going to make things unbearable[.]"³⁹

52. Ye's self-styled "war" against adidas also involved successfully encouraging other high-profile celebrities to boycott adidas. In September, for example, famous musician and cultural figure Sean "Diddy" Combs posted to his 19 million Instagram followers a text message exchange between them, in which Diddy announced that "I never wear Adidas again for the rest of my life if they don't make you right!!!"⁴⁰

53. The rapper Swizz Beatz also posted a photo of adidas shoes with a red "X" over the photo with a caption "I usually mind my business but this is DEAD WRONG! If we let them do this to @kanyewest it will happen to us also! . . . We not buying these !!!!!!!!!!!!"⁴¹

Ye's racist and antisemitic statements destroy his reputation and drag adidas into disrepute

54. Beginning in October 2022, and following through on his threat to "make things unbearable" for adidas, Ye made a series of racist and antisemitic rants and other unacceptable public statements. [REDACTED]

55. First, in a high-profile appearance at his own fashion show during Paris Fashion Week on October 3, 2022, Ye wore a t-shirt emblazoned with the white supremacist slogan "White Lives Matter," and then publicly bullied a Vogue reporter who reported unfavorably on the stunt.

56. On October 6, 2022, in response to this conduct, and to Ye's escalating abuse towards adidas employees, among other issues, adidas publicly announced that it was placing its business relationship with Ye "under review."⁴³ Ye responded the same day, posting another defamatory statement on Instagram: "FUUUUUUCK ADIDAS I AM ADIDAS ADIDAS RAPED AND STOLE MY DESIGNS."⁴⁴

38 [REDACTED]

39 Sept. 4, 2022 Instagram Post, attached hereto as Exhibit I ("Ex. I").

40 Sept. 2022 Diddy Instagram Post, attached hereto as Exhibit J ("Ex. J").

41 Sept. 6, 2022 Swizz Beatz Instagram Post, attached hereto as Exhibit K ("Ex. K").

42 [REDACTED]

43 Oct. 6, 2022 Press Release, attached hereto as Exhibit L ("Ex. L").

44 Oct. 6, 2022 Instagram Post, attached hereto as Exhibit M ("Ex. M").

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57. Then, on October 7, 2022, after having been subjected to broad public condemnation for promoting white supremacy, Ye posted to Instagram a screenshot of a text message exchange purportedly between Ye and his erstwhile supporter Sean “Diddy” Combs, in which Ye warned Diddy: “Ima use you as an example to show the Jewish people that told you to call me that no one can threaten or influence me.”⁴⁵

58. On October 8, 2022, Ye’s comments grew even more vitriolic and menacing when he posted on Twitter: “[W]hen I wake up I’m going death [sic] con 3 On JEWISH PEOPLE.”⁴⁶ This tweet was heavily covered by the mainstream media and provoked widespread condemnation of Ye. Twitter unilaterally deleted the tweet and suspended Ye’s account for violating its terms of service.



59. The following day, Ye posted to his YouTube channel a video titled “LAST WEEK,” which featured a clip of Ye provoking adidas executives by showing them a pornographic video and suggesting that the adidas executive’s voice was the “same” as one of the voices in the video. Ye then threatened the adidas executives with “a different level of nuclear activity that no one will recover from” if adidas did not give in to Ye’s demands.

60. On October 16, 2022, in an appearance on the popular “Drink Champs” internet show and podcast, Ye declared, among other racist and antisemitic statements: “I can literally say antisemitic shit and they can’t drop me. I can say antisemitic shit and adidas can’t drop me. Now what? . . . That’s the position. . . . Ima hold my ground. I’m not backing down.”

61. Pressure mounted on Ye’s and Yeezy’s business partners to condemn his statements and cut ties with him. Perhaps most notably, the Anti-Defamation League called adidas’s response to Ye’s

⁴⁵ Oct. 7, 2022 Instagram Post, attached hereto as Exhibit N (“Ex. N”).

⁴⁶ Ex. B.

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antisemitic statements “insufficient,” and said it was “flummoxed [by] how Adidas has dropped the ball and failed to make a clear and cogent statement of their values.”

62. On October 20, 2022 the fashion magazine Vogue released a statement that it had no intention of working with Ye in the future.⁴⁷ The next day, the high fashion brand Balenciaga announced that it no longer had any relationship with Ye or plans for future projects with Ye.⁴⁸ A few days later, the clothing store Gap announced that it would pull all “Yeezy Gap” merchandise off its shelves, foregoing a sell-off period following the September 2022 termination of a long-standing collaboration.⁴⁹

D. adidas terminates the Agreement [REDACTED]

63. On October 25, 2022, the Board of adidas issued a press release that announced the brand had made the decision to terminate the Agreement. [REDACTED]

64. [REDACTED] on November 5, 2022, adidas formally terminated the Agreement [REDACTED]. In that notice, adidas instructed Yeezy to return to adidas “an amount equal to the total amount of Marketing Fund payments made by adidas to Yeezy during the last 12 months, which is \$75 million, minus any expenditures made by Yeezy during this time period that Yeezy is able to demonstrate were made in compliance with the Agreement.”⁵¹ [REDACTED]

[REDACTED] Ten days later, on November 15, 2022, adidas sent an additional letter exercising its right to review Yeezy’s and Yeezy Marketing’s books and records to determine [REDACTED] must be returned to adidas.⁵³

65. As of the date of this Statement of Claims, adidas has received no written response to the November 5, 2022 termination letter or November 15, 2022 audit letter.

66. Ye has publicly acknowledged the termination of the Agreement, and characterized it as a victory over adidas. On November 21, 2022, Ye gloated to “X17 online video” on YouTube: “Gotcha. Gotcha. So I would like to thank everyone that was involved with this negotiation. Thank God no one was hurt in the process. And I feel freeeeee!”

⁴⁷ Oct. 21, 2022 Page Six Article, attached hereto as Exhibit O (“Ex. O”).

⁴⁸ Oct. 21, 2022 Women’s Wear Daily Article, attached hereto as Exhibit P (“Ex. P”).

⁴⁹ Oct. 25, 2022 Fortune Article, attached hereto as Exhibit Q (“Ex. Q”).

⁵⁰ Oct. 25, 2022 adidas Press Release, attached hereto as Exhibit R (“Ex. R”); [REDACTED]

⁵¹ [REDACTED] attached hereto as Exhibit S (“Ex. S”).

⁵² See Ex. S, at 2.

⁵³ [REDACTED] attached hereto as Exhibit T (“Ex. T”).

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67. As part of that same interview, Ye continued to perpetuate the false narrative that he was responsible for the Designs and that adidas stole them from him, stating that “I know the people at adidas are not going to have the best Thanksgiving. I know that they are not going to have the best Christmas. But if any way I can indemnify what they’ve done even though they st -- they took that IP.”

E. Yeezy and Ye misused the Yeezy marketing funds

68. [REDACTED]

In 2022, adidas paid \$50 million into Yeezy’s account at First Bank of Wyoming and \$25 million into Yeezy’s account at JPMorgan Chase in New York, New York.

69. Yeezy and Ye have not adhered to the strict rules for the maintenance of the Marketing Funds, including by failing to keep those funds in a segregated account and by improperly disbursing those funds into accounts held by Yeezy. The Yeezy Marketing account established at JP Morgan Bank in 2022 for the purpose of receiving the Marketing Funds was, unbeknownst to adidas, set up as a “zero balance sweep account,” meaning that, instead of being segregated, Marketing Funds deposited by adidas were immediately transferred to an account owned by Yeezy. On information and belief, Ye and Yeezy mishandled virtually all of the Marketing Funds, including by using them for unauthorized purposes, making Yeezy liable for the return [REDACTED]

70. As set forth above, on November 15, 2022, adidas exercised its right to examine Yeezy’s books and records to determine whether Yeezy used Marketing Funds “in a way that is not in compliance” with the Agreement, including the above-referenced requirement against commingling, improper disbursement, or unauthorized use.⁵⁴ Because adidas has not received a response from Yeezy, it is as yet unable to confirm the full extent to which Yeezy commingled, disbursed, and/or misused the Marketing Funds in violation of the Agreement.

F. adidas secures attachments in aid of arbitration

71. Following the termination of the Agreement, and in light of public reports that JP Morgan Bank intended to close accounts associated with Ye and Yeezy, adidas took steps to protect its ownership interest in the Marketing Funds advanced to Ye and Yeezy in the past 12 months.

72. On November 11, 2022, adidas filed an *ex parte* petition in the U.S. District Court for the Southern District of New York (“SDNY”) to attach up to \$75 million [REDACTED]. That petition was granted and the order of attachment was served on JP Morgan on November 14, 2022, which has restrained \$75 million of funds in accounts of Yeezy and its affiliates.

73. Under the terms of the court’s order, the attachment is to remain in place, preserving the status quo until adidas’s rights to the Marketing Funds are resolved through this arbitration proceeding.

74. Recent developments underscore the importance of the SDNY restraining order, and additional relief adidas intends to seek in this proceeding, to protecting adidas’s interest in obtaining

⁵⁴ Ex. T.

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meaningful relief. Over the past two weeks, Ye has made multiple comments indicating that he is running out of money;⁵⁵ has launched a presidential campaign;⁵⁶ owes the Internal Revenue Service (“IRS”) \$50 million in unpaid taxes;⁵⁷ and has executed a divorce settlement agreement which reportedly requires him to pay \$2.4 million in annual child-support payments.⁵⁸

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77.

For example, in September 2020, after Ye had publicly demanded a position on adidas’s board of directors (which he was not entitled to), Ye tweeted to his millions of followers, “I’M WEARING [Nike Air] JORDANS TILL I’M ON THE BOARD OF ADIDAS.”⁶² In 2021, Ye publicly sported Nike socks at Paris Fashion Week and was also photographed wearing Nike gloves and Nike Air Foamposite1 shoes. Then, in January 2022, Ye posted the Nike Jordan brand logo to his Instagram account.⁶³

78.

⁵⁵ See e.g., Oct. 27, 2022 Instagram Post, attached hereto as Exhibit U (“Ex. U”).

⁵⁶ Nov. 22, 2022 Tweet, attached hereto as Exhibit V (“Ex. V”); Nov. 25, 2022 Tweet, attached hereto as Exhibit W (“Ex. W”).

⁵⁷ Nov. 29, 2022 New York Post Article, attached hereto as Exhibit X (“Ex. X”).

⁵⁸ Nov. 30, 2022 Reuters Article, attached hereto as Exhibit Y (“Ex. Y”).

⁵⁹ Ex. A, Licensing Agreement §§ 9(A), (B).

⁶⁰ attached hereto as Exhibit AA (“Ex. AA”).

⁶¹ Sept. 24, 2020 Instagram Post, attached hereto as Exhibit BB (“Ex. BB”).

⁶² Jan. 21, 2022 Instagram Post, attached hereto as Exhibit CC (“Ex. CC”).

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V.

FIRST CAUSE OF ACTION

[REDACTED]

79.

[REDACTED]

80.

[REDACTED]

81.

[REDACTED]

82.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

83.

[REDACTED]

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[REDACTED]

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84. [REDACTED]

VI.

SECOND CAUSE OF ACTION

85. [REDACTED]

86. [REDACTED]

87. [REDACTED]

88. [REDACTED]

VII.

THIRD CAUSE OF ACTION

89. [REDACTED]

90. [REDACTED]

91. [REDACTED]

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92.

93.

VIII.

FOURTH CAUSE OF ACTION

94.

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96.

97.

98.

99.

100.

101.

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IX.

FIFTH CAUSE OF ACTION

[REDACTED]

102. [REDACTED]

A. [REDACTED]

103. [REDACTED]

104. [REDACTED]

B. [REDACTED]

105. [REDACTED]

106. [REDACTED]

C. [REDACTED]

107. [REDACTED]

108. [REDACTED]

[REDACTED]

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X.

SIXTH CAUSE OF ACTION

[REDACTED]

109.

[REDACTED]

110.

[REDACTED]

111.

[REDACTED]

XI.

SEVENTH CAUSE OF ACTION

[REDACTED]

112.

[REDACTED]

XII.

EIGHTH CAUSE OF ACTION

[REDACTED]

113.

[REDACTED]

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XIII.**PROCEDURAL MATTERS****A. Applicable Law**

114. Section 46(A) of the Agreement provides: “Except as expressly provided with respect to [REDACTED] this Agreement shall be governed and construed in accordance with the laws of the State of Oregon, without giving effect to its principles of conflicts of laws. Solely with respect to [REDACTED] this Agreement shall be governed by and construed in accordance with the laws of Germany.”⁷⁶

B. Appointment of Arbitrator and Place of Arbitration

115. Section 46(B) of the Agreement provides that the dispute “shall be determined by arbitration in Portland, Oregon before one (1) arbitrator.”⁷⁷

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁷⁶ Ex. A, Licensing Agreement § 46(A).

⁷⁷ Ex. A, Licensing Agreement § 46(B).

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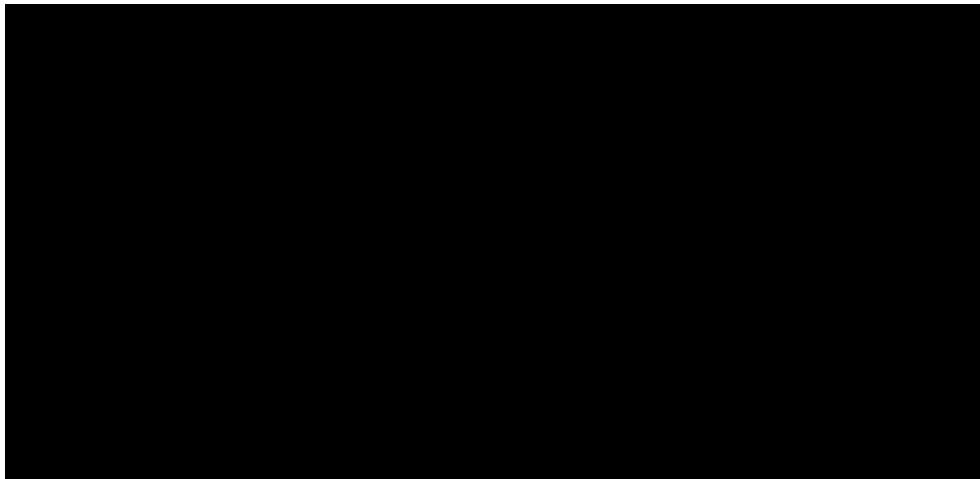
XIV.

REQUEST FOR RELIEF

121. Claimant hereby requests the following relief:

- a) [REDACTED]
- b) [REDACTED]
- c) [REDACTED]
- d) [REDACTED]
- e) [REDACTED]
- f) [REDACTED]
- g) [REDACTED]
- h) [REDACTED]
- i) [REDACTED]
- j) [REDACTED]
- k) [REDACTED]
- l) [REDACTED]

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122. Claimant reserves its right to bring additional claims, to allege further facts, and to submit further evidence, in accordance with the Rules.

MARKOWITZ HERBOLD PC

Matthew A. Levin

DEBEVOISE & PLIMPTON LLP

Mark P. Goodman
William H. Taft V

Attorneys for adidas

Exhibit F

JUDICIAL ARBITRATION AND MEDIATION SERVICES

adidas AG,

Claimant,

JAMS Reference No. 5160000300



PROOF OF SERVICE

vs.

Yeezy, LLC, Yeezy Footwear LLC, Yeezy
Marketing LLC, and Ye fka Kanye West,

Respondents.

I hereby certify that on December 2, 2022, service was made of the Arbitration
Demand on the parties listed below via FedEx Overnight Delivery:

YEEZY LLC	
6 Centerpointe Dr., Suite 620 La Palma, CA 90623	c/o Registered Agent Paracorp Incorporated 1912 Capitol Ave., Suite 500 Cheyenne, WY 82001 USA
YEEZY FOOTWEAR LLC	
63 Nielson Road Cody, Wyoming 82414	c/o Registered Agent Paracorp Incorporated 1912 Capitol Ave., Suite 500 Cheyenne, WY 82001 USA
YEEZY MARKETING LLC	
63 Nielson Road Cody, Wyoming 82414	c/o Registered Agent Paracorp Incorporated 1912 Capitol Ave., Suite 500 Cheyenne, WY 82001 USA
YE fka KANYE WEST	
	

PROOF OF SERVICE

1 I further certify that on December 6, 2022, service was made of the Arbitration
2 Demand on all Respondents via email at [REDACTED].

3 To our knowledge, Respondents are not represented by counsel in this matter.

4
5 DATED: December 9, 2022.

6 MARKOWITZ HERBOLD PC

7
8 By:  _____

9 Matthew A. Levin
10 Lauren F. Blaesing
MattLevin@MarkowitzHerbold.com
LaurenBlaesing@MarkowitzHerbold.com

11
12 DEBEVOISE & PLIMPTON LLP

13 Mark P. Goodman
14 William H. Taft V
mpgoodman@debevoise.com
whaft@debevoise.com

15 *Attorneys for adidas AG*
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PROOF OF SERVICE

ATTORNEY CERTIFICATE OF SERVICE

I hereby certify that on December 9, 2022, I have made service of the foregoing **PROOF OF SERVICE** on the parties listed below in the manner indicated:

Yeezy, LLC
6 Centerpointe Dr., Suite 620
La Palma, CA 90623

Yeezy, LLC c/o Registered Agent
Paracorp Incorporated
1912 Capitol Ave., Suite 500
Cheyenne, WY 82001 USA

Per JAMS Rule 8:

- ☒ U.S. Mail
- ☐ Hand Delivery
- ☐ Overnight Courier
- ☒ E-mail: [REDACTED]
- ☐ JAMS Electronic Filing System

Yeezy Footwear LLC
63 Nielson Road
Cody, Wyoming 82414

Yeezy Footwear LLC c/o Registered Agent
Paracorp Incorporated
1912 Capitol Ave., Suite 500
Cheyenne, WY 82001 USA

Per JAMS Rule 8:

- ☒ U.S. Mail
- ☐ Hand Delivery
- ☐ Overnight Courier
- ☒ E-mail: [REDACTED]
- ☐ JAMS Electronic Filing System

Yeezy Marketing LLC
63 Nielson Road
Cody, Wyoming 82414

Yeezy Marketing LLC c/o Registered Agent
Paracorp Incorporated
1912 Capitol Ave., Suite 500
Cheyenne, WY 82001 USA

Per JAMS Rule 8:

- ☒ U.S. Mail
- ☐ Hand Delivery
- ☐ Overnight Courier
- ☒ E-mail: [REDACTED]
- ☐ JAMS Electronic Filing System

Ye fka Kanye West
[REDACTED]
[REDACTED]

Per JAMS Rule 8:

- ☒ U.S. Mail
- ☐ Hand Delivery
- ☐ Overnight Courier
- ☒ E-mail: [REDACTED]
- ☐ JAMS Electronic Filing System

DATED: December 9, 2022.



Matthew A. Levin
Attorney for adidas AG

Exhibit G

JUDICIAL ARBITRATION AND MEDIATION SERVICES

adidas AG,

Claimant/
Counterclaim Respondent,

vs.

Yeezy, LLC, Yeezy Footwear LLC, Yeezy
Marketing LLC, and Ye fka Kanye West,

Respondents/
Counterclaimants.

JAMS Reference No. 5160000300

**STIPULATION TO
STRIKE CERTAIN
DEADLINES**

adidas AG (Claimant) and Yeezy, LLC, Yeezy Footwear LLC, Yeezy Marketing LLC, and Ye fka Kanye West (Respondents) jointly submit this stipulation to strike the deadlines to respond to the Demand for Arbitration and to the Counterclaims, until deadlines are agreed to by the parties or otherwise ordered by the arbitrator, pursuant JAMS Comprehensive Rule 9(c) and (d).

STIPULATION

WHEREAS, Claimant filed its Demand for Arbitration on or about December 2, 2022;

WHEREAS, Respondents filed Counterclaims on or about January 24, 2022;

WHEREAS, Respondents have not otherwise responded to the Demand for Arbitration; and Claimants have not responded to the Counterclaims;

WHEREAS, the 14-day response limits set forth in JAMS Rules 9(c) and 9(d) have expired;

WHEREAS, Claimant and Respondents are agreeable to striking the deadlines to file a response, should they choose to do so, to the Demand for Arbitration and to the Counterclaims, until deadlines are agreed to by the parties or otherwise ordered by the arbitrator, pursuant JAMS Comprehensive Rule 9(c) and (d); and

WHEREAS, the parties believe it would be an efficient use of resource and not prejudicial to strike these deadlines.

THE PARTIES THEREFORE STIPULATE, subject to approval by the arbitrator, to strike the deadlines to respond to the Demand for Arbitration and to the Counterclaims, until deadlines are agreed to by the parties or otherwise ordered by the arbitrator, pursuant JAMS Comprehensive Rule 9(c) and (d).

IT IS SO STIPULATED.

Respectfully submitted,

Dated: February 13, 2023

MARKOWITZ HERBOLD PC

s/ Matthew A. Levin

Matthew A. Levin
Attorneys for adidas AG

Dated: February 13, 2023

WEEKS NELSON

s/ Gregory Nelson

Gregory Nelson
Attorneys for Yeezy, LLC, Yeezy Footwear LLC, Yeezy Marketing LLC, and Ye fka Kanye West

ATTORNEY CERTIFICATE OF SERVICE

I hereby certify that on February 13, 2023, I have made service of the foregoing **STIPULATION TO STRIKE CERTAIN DEADLINES** on the parties listed below in the manner indicated:

Gregory K. Nelson
WEEKS NELSON
PO Box 675963
16236 San Dieguito Rd., Suite 5-20
Rancho Santa Fe, CA 92067
Attorneys for Respondents/Counterclaimants

Per JAMS Rule 8:

- ☐ U.S. Mail
☐ Hand Delivery
☐ Overnight Courier
☒ E-mail: nelson@weeksnelson.com
office@weeksnelson.com
☐ JAMS Electronic Filing System

DATED this 13th day of February, 2023.

s/ Matthew A. Levin

Matthew A. Levin
Attorney for adidas AG